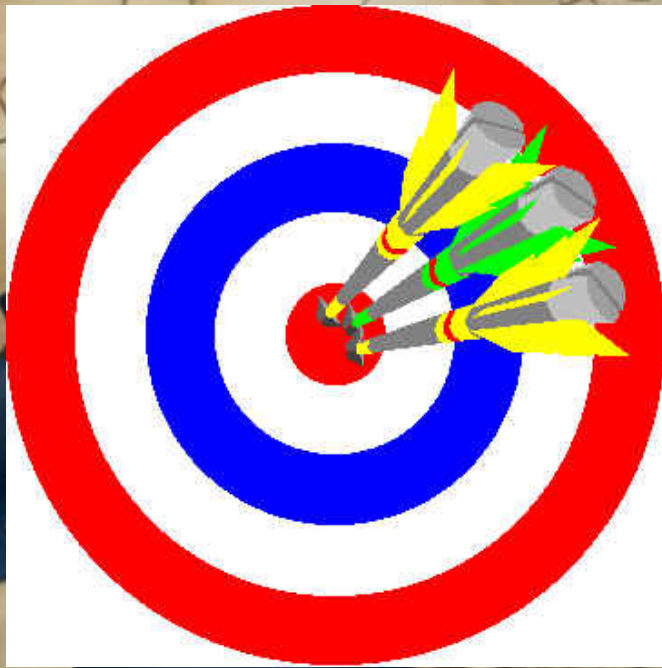


Section 2.2 – Market Segmentation

What You'll Learn

- What market segmentation is and the four methods used to segment a market
- The current demographic, psychographic, and geographic trends

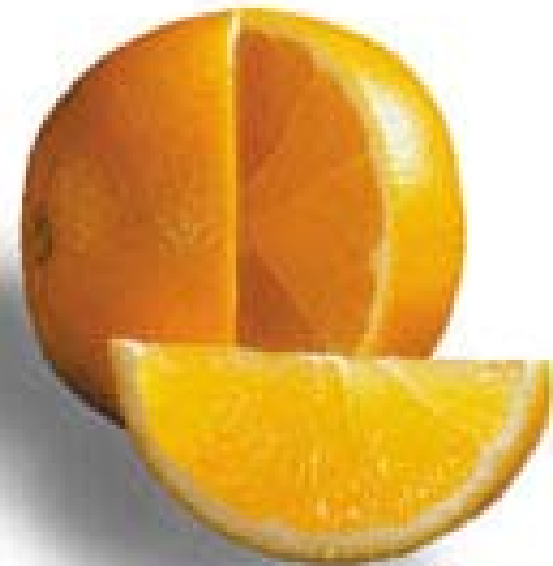
Analyzing Markets



Market segmentation is a way of analyzing a market by specific characteristics in order to create a **target market**

Types of Segmentation:

- Demographics
- Psychographics
- Geographics
- Product Benefits

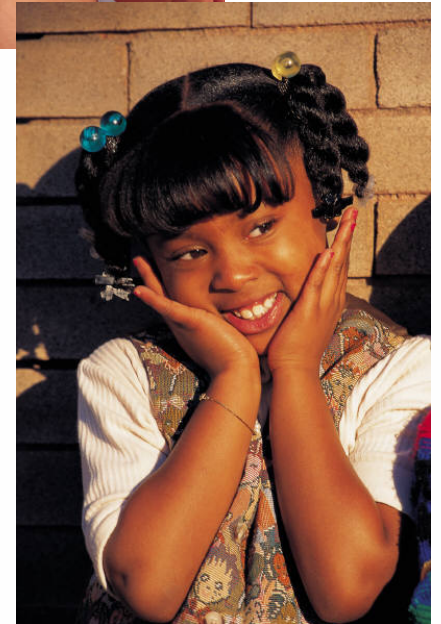


Market segmentation

*Separating larger groups into smaller groups
based on certain characteristics*

- **Demographics...**

- Age
- Gender
- Income
- Ethnic Background



- Income
 - Disposable income – money left after taking out taxes
 - Discretionary income – money left after paying for basic living necessities such as food, shelter, and clothing



- Ethnic Background



U.S. Trend – The percentage of the Caucasian population is declining, while other ethnic populations increase.





- Education



- Occupation



- **Psychographic**

- Targeting consumers based on social and psychological characteristics
 - Lifestyles (outdoor enthusiasts, computer “geeks”)
 - Personalities
 - Trends – healthy eating, politics, Name brands

- **Geographic**

- Targeting based on where people live
 - Regional, National, Global



**Music teachers,
dancers, and other
music lovers would
be one category of
people who share
psychographic
characteristics.**



SRI Consulting Business Intelligence

VALS™ is a marketing and consulting tool that helps businesses worldwide develop and execute more effective strategies. The system identifies current and future opportunities by segmenting the consumer marketplace on the basis of the personality traits that drive consumer behavior. VALS applies in all phases of the marketing process, from new-product development and entry-stage targeting to communications strategy and advertising.

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and to take a survey to
determine your VALS type



Product Benefits

- Studying consumers' needs and wants
- Market benefits, not just the physical characteristics of a product

